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OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 5 1951

NOTE:

1. This summary of significant reports has been prepared for the internal use of the Office of Current Intelligence. It does not necessarily represent a complete coverage of all current traffic in CIA or in the Office of Current Intelligence.
2. Comment represents the preliminary views of the responsible analysts and not necessarily the final view of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

NAVY review(s) completed.

State Department review completed

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SECTION 1 (SOVIET)

"B" USSR. Possibility of Japanese Questions Being Injected into the CFM. On 3 March 1951, Jacob Malik, Soviet Deputy Foreign Minister and UN delegate issued a statement declaring that he is "not conducting any talks with Mr. Dulles on a Japanese peace treaty and that the statement of Mr. Dulles (28 Feb) regarding his message to me on this matter as well as my willingness to resume negotiations - is absolutely groundless." [redacted] 25X1

On 4 Mar 51 IZVESTIA denounced US plans for a separate treaty and declared that the "Soviet Government, together with the Chinese Peoples' Republic, insists upon the quickest conclusion of a universal peace treaty with Japan." Declaring that the "peaceful solution of the Japanese question" is "vital to the preservation of world peace," IZVESTIA quoted the following World Peace Council declaration: "The World Peace Council condemns any attempts at concluding a separate peace with Japan. It believes the peace treaty should be the subject of negotiations of the Chinese Peoples' Republic, the Soviet Union, the United States and Great Britain, and must be accepted by all interested parties." [redacted] COMMENT: At the last CFM in May 1949, although Far Eastern questions were not on the agenda, the USSR proposed that a date be set for a Big Five meeting, including China, to discuss a peace treaty for Japan.

"B" EASTERN EUROPE. RUMANIA. Appeals to Patriotism. Two new features have recently appeared in Rumanian propaganda both of which seem intended to rally the Rumanian people around the present Government. The first innovation is an historical approach to the hate campaign in an effort to show that US-British exploitation of Rumania in the past was characterized by dishonesty and violence; the second, which may be a departure of some significance, is frequent reference to Rumanian patriotism and national interests, which had previously been played down. Furthermore, the Legation has been informed that early in February Rumanian school teachers were directed to place greater stress on patriotism. [redacted] 25X1

[redacted] COMMENT: The appeal to national traditions marks a new point in the Communist regime's efforts to rally the population. In this effort, the Communists have already utilized mass movements such as the Peace Committees and have set up "national" churches for all faiths except the Roman Catholic. The Rumanian line is similar to the Polish Communists' recent enunciation of the theme of the national front, which apparently seeks to exploit Polish national traditions for Communist ends, the clearest example being the Government's call to Poles to be alert to the prospect of new German aggression.

"C" Pressure on France. The French Charge has informed the US Legation that the Rumanian Government has threatened to apply further travel restrictions to the French Mission unless the French Government relaxed its travel restrictions on the Rumanians in Paris. The Charge anticipates that new restrictions would include the Snagov resort area 15 to 25 miles from Bucharest and now unrestricted. [redacted] 25X1

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"B" YUGOSLAVIA. Yugoslav Speeches Intended to Bolster Morale. In public speeches on 4 March in Belgrade, two more Yugoslav leaders publicly expressed their views regarding a possible attack on Yugoslavia. Chief of Staff Gen. Koca Popovic emphasized Yugoslavia's potentialities to wage a successful defensive war explaining that no amount of modern arms can substitute for the moral and political strength of a people fighting for its independence and declaring that the USSR, because it has become an aggressor state, is no longer invincible. Mosa Pijade, recently returned from a visit to London to Paris, emphasized the concern which Western nations viewed Yugoslavia's security and explained that it was not necessary for Yugoslavia to join any pact or bloc today since the people of the world will fight aggression, whether or not they are committed by a written or oral agreement. Pijade warned Yugoslavia's Cominform neighbors that their countries might suffer the same devastation as Korea, if they attack Yugoslavia.

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COMMENT: Both speeches appear to reflect concern over the morale of the Yugoslav people in the face of possible Soviet-sponsored attack. The speeches are designed to bolster the morale of the people and to assure them that Yugoslavia is not isolated but will be supported by the West in the event of an attack.

"B" Yugoslav Foreknowledge in Event of Cominform Attack. A Yugoslav official has told Embassy Belgrade that he would be able to advise it on a 24 hour basis of any important border disturbances and probably a week in advance of any major Cominform attack on Yugoslavia. The Embassy comments that it has no real reason to disbelieve this assertion.

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SECTION 2 (EASTERN)

"B" TURKEY. Reaction of UN SC Members to US-UK Resolution on Kashmir. The Turkish delegate to the UN has been given authority, at his discretion, to support the US-UK resolution on Kashmir now before the UN Security Council. Turkey feels that care should be taken not to push Nehru too far, but it is generally sympathetic to the US-UK view. [redacted]

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[redacted] COMMENT: Turkey is one of the first SC members to indicate its stand regarding the resolution. Previously, political observers in Jakarta had stated that Indonesia would abstain if the matter came to a vote.

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[redacted]
"C" KOREA. ROK refugee problem. J. Donald Kingsley, UN Agent General for Korean Reconstruction, predicted on 3 March in Geneva that there will be a famine in South Korea next year unless about 3,000,000 refugees,

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jammed into the lower portion of the peninsula, can be put back on their farms in the near future. [redacted] COMMENT: Kingsley's estimate of the number of Korean refugees is a fair approximation. In addition to the problem of feeding these refugees, however, there are the more immediate problems of screening them for Communist infiltrators, diverting them from military areas and highways, and the prevention of disease. In the latter category, typhus has already been reported among the refugees and the cholera season will open in about three months.

"C" JAPAN. Poll on rearmament. A public opinion poll conducted by the "Mainichi" (an important national middle-of-the-road daily) shows 63% of the people approved rearmament for self-defense, while 89.2% of this group favored the continued stationing of US troops in Japan. Among those opposing rearmament, 69% wanted US forces to remain. [redacted]

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[redacted] COMMENT: While Japanese public opinion favoring rearmament had crystallized several months ago, this is the first poll overwhelmingly favoring the presence of US troops in the post-treaty period. This is probably a reflection of the Japanese tendency to accept decisions made by their leaders - in this case, during the course of the Dulles visit.

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SECTION 3 (WESTERN)

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"A" FRANCE. French Communist Appeal to Neutralists by Emphasis on German Neutralization. An eventual Soviet proposal for German neutralization was heavily stressed by Pierre Cot, representing the Communist-front Progressive Union, in his speech at a neutralist mass meeting in Paris on 1 March. This point in Cot's speech received favorable comment from some orthodox neutralists. The Progressive Union has not had much success in winning their support for the Soviet peace policy, and Cot's group during the next few months will increase its efforts to exploit neutralism. At the same time, the French Communist Party (PCF) is

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struggling against the spread of neutralism as well as national deviationism within its own ranks. [redacted] COMMENT: This is the first report of a mass meeting sponsored by both "orthodox" and Communist-front neutralists, and is the first clear indication that the PCF is failing in its efforts to convert the original neutralists. By shifting the emphasis to German neutralization, the PCF probably hopes both to convert the neutralists to support of the Soviet peace offensive and avert defections from the party.

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"B" FRANCE. Proposed General Solution of Political Crisis. Socialist Guy Mollet announced on 4 March that he has found a solution for the Cabinet crisis whereby electoral reform would be left up to Parliament while a short-term Government would concentrate on other critical matters. The Mollet Plan envisages elections before summer after action has been taken on inflation, the budget, arms production, and modification of the Constitution in order to eliminate the Communists from any pre-election caretaker Government. The next Government will probably include only the middle-of-the-road parties, since some Popular Republicans and Radicals can be expected to support the Socialists in opposition to the Gaullists' suggestion for a "national union government" including them (but excluding the Communists). Representatives of all parties are calling for "elections as soon as possible", and there is increasing support for a popular referendum on the electoral reform question.

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[redacted] COMMENT: Pfeven resigned because he was unable to fulfill his commitment to obtain electoral reform. Mollet's proposal will therefore receive serious consideration both as a means of leaving the next Government free to support France's major role in Western European affairs and allowing the shaky middle-of-the-road coalition to survive until elections.

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"B" UNITED KINGDOM. British Military Planning Alternative for Suez Base. A new British Chiefs of Staff plan for the future defense of the Suez Canal Zone is reported by the US Embassy Cairo to include the following features. (1) A phased evacuation of the Suez Canal Zone, beginning immediately, to be completed by 1956, with "civilian" technicians replacing the military specialists. (2) The leasing by the UK of the Suez base after 1956, with administrative control in British hands but with Egyptian "participation" and with the Egyptians responsible for policing the base. (3) The possible creation of a "temporary" base in Israel which would cost £50 million and take 8 years to construct. The British Embassy in Cairo has sharply criticized certain details in this plan and has also expressed the view that if the British wish to sell the Egyptians on any such "joint defense" arrangement for the area, the UK must first demonstrate faith in Egyptian military capabilities by resuming the suspended arms shipments. [redacted]

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COMMENT: This is the first specific evidence of acceptance by the British military of the Foreign Office's thesis that the main body of British troops will have to be located outside the Canal Zone. No decision seems to have been made concerning a new location for the troops; serious thought has been given to Israel [redacted] but Libya still remains a possibility.

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Both the military and the Foreign Office seem convinced that British forces must have access to the Canal Zone itself in time of war, although the methods of achieving this end differ slightly.

"B" DENMARK. Medium Term Defense Plans. In pledging fulfillment of its obligations under the NATO Medium Term Defense Plan (MTDP) Denmark will establish by mid-1952 three infantry divisions, two additional RCTs and two armored regiments. Excluding service troops, Home Guard and Local Defense Forces, there will be a total of 73,000 operational, combat troops on active duty. Submission of these and other new defense plans to the Rigsdag (Parliament) may be delayed until after Landsting (Upper House) elections 3 April. [redacted]

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COMMENT: Although any Danish air or naval contributions to NATO can be considered negligible, the planned army commitment represents a new and real effort on the part of the Danes to carry their share of the defense burden. The Army, including service troops, now consists of only twelve battalions with a cadre of 18,000 men. Furthermore, only the single 1,000-man occupation battalion in Schleswig-Holstein, recently turned over to SHAPE [redacted]

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[redacted] can be considered an effective combat unit. A thorough Rigsdag debate on the plans is expected, but passage will be secured after which Denmark will be more fully embarked on a positive course of energetic NATO participation than has been evident to date.

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"C" DENMARK. Government Information Program re NATO Lags. Although the attitude of the Danish Government with respect to NATO publicity has improved considerably, the Government has not shown a vigorous effort to arouse public interest in these matters but, for internal political reasons, feels that the informational program should largely remain in private hands. [redacted] CONSENT: Both the present Conservative-Moderate Liberal Government and its Social Democratic predecessor fear the residual influence of neutrality and of pacifism and hesitate to adopt openly a vigorous program lest the Radical Liberals, who traditionally champion both these causes and who hold the balance of power in the Rigsdag, profit politically. Actually, most Danes, despite a lingering fondness for neutrality, realize that NATO offers Denmark its only hope, however meager it might be; and therefore the public might well welcome a more outspoken attitude on the part of the political parties.

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"C" VENEZUELA. Possible Split in Venezuelan Government. Strong rumors of a split in the top level of the government have resulted from an alleged protest, if not an ultimatum, to the governing Junta by the reactionary Andean Group (the so-called Grupo Uriante, which includes leading army officers and high government officials headed by Junta Secretary, Miguel Moreno). This group strongly objects to provisions of the draft electoral law, the prospects of early elections, and especially to the recent action of the Labor Ministry permitting the negotiations of a labor contract for petroleum workers by a committee including leaders of dissolved radical elements at the risk of the latter resuming control of the oil fields. [redacted] Reports indicate that some compromise has been reached, but the situation will probably remain delicate. [redacted]

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COMMENT: A split in the army, which the reported protest of the Grupo Urioste may well represent, would provide the essential condition for a revolutionary attempt by Acción Democrática. However, the current internal dissension, which appears to involve a continuation of the reported disagreement between Moreno and Provisional President Suárez Flamerich can probably be settled through the intervention of Junta member and Defense Minister Pérez Jiménez, who has the support of the Andean Group, and who was chiefly responsible for the appointment of Suárez as Provisional President.

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OFFICE OF CURRENT INTELLIGENCE

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5 March 1951

SECTION 1 (SOVIET)

"A" USSR. Possible Soviet Injection of Dardanelles Question into CFM. The Turkish Ambassador to Moscow has informed Ambassador Kirk that he believes the USSR may raise the question of the Montreux Convention and the Straits at the prospective CFM. The Turkish Ambassador stated that the USSR had made no approaches regarding the Straits since 1946 but that a recent incident might represent an initial move to reopen the issue. A Soviet note, alleging that Turkish shore batteries had fired at a Soviet vessel without hitting it, was handed to the Ambassador about twenty (20) days ago. To date the Turkish Government has made no reply to the note and the Soviet press has maintained complete silence on the matter. The Ambassador believes that this silence indicates a Soviet desire to utilize the incident for later diplomatic rather than immediate propaganda purposes.

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COMMENT: The

Turkish Ambassador's belief that the USSR may raise the question of the Straits at the prospective CFM apparently stems from Turkey's traditional concern over Soviet designs on the Straits, the fact that the Montreux Convention comes up this year for possible amendment, and this recent incident. There is no evidence to substantiate or deny a Soviet intention to raise questions such as the Montreux Convention and the Straits at the CFM. To date the Western Powers have taken the entire initiative to effect an enlargement of the agenda to include questions other than German demilitarization. Deputy Foreign Minister Gromyko has recently made remarks which cast some doubt on Soviet acceptance of an enlarged agenda, however, other Soviet statements, such as the Stalin interview and the note to the UK, have laid the groundwork for the discussion of the level of Great Power armaments.

"A" YUGOSLAVIA. Yugoslav Position on Trieste. Yugoslav Deputy Foreign Minister Mates has informed US Ambassador Allen that the Yugoslav Government hopes that the Trieste question will not arise at the CFM since any possible Soviet proposals would certainly be opposed to Yugoslav interests. In the event that the question does arise, however, Mates stated that the Yugoslav Government wishes US authorities to know that the Yugoslav position had not changed since

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last summer and the Yugoslav Government still wishes that the Trieste question would be settled through direct negotiation between Italy and Yugoslavia. The Yugoslav Government, however, does not feel that the time is ripe for direct negotiations since discussions, as long as Italian Government itself does not genuinely wish settlement, will only exacerbate public opinion and reverse the favorable current of Italian-Yugoslav relations.

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COMMENT: In the summer of 1950 the Yugoslav Government indicated to the Italian Government that Yugoslavia was willing to discuss the Trieste question on the basis, in principle, of Zone A to Italy, Zone B to Yugoslavia, with minor modifications along ethnic lines. In his recent Reuters interview Tito stated that he preferred that the Trieste question be put aside for the present since it was not an urgent problem and there was no mutual desire to settle it.

The Italian Government, likewise, would prefer to avoid an international discussion for the present of the Trieste issue on which it continues to insist that the Western powers adhere to the Tripartite Declaration of March 20, 1948 by which Italy would obtain the entire Free Territory of Trieste.

SECTION 2 (EASTERN)

"B" THAILAND. Pridi-Phibun Negotiations. The UK Charge in Bangkok has informed US Ambassador Stanton in "strict confidence" that a former British Naval Attaché, formerly a close friend of Pridi, claims to have spoken to Pridi in Bangkok on 11 February at which Pridi expressed his hope of returning openly "sometime in March."

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Pridi's presence in Bangkok on 11 February cannot be confirmed or refuted on the basis of available information. However, an effort is being made to bring Pridi and Phibun together, and the latter is believed to be receptive. Success probably would result in a sudden announcement of a rapprochement, while failure is likely to be manifested by a new wave of coup rumors.

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